

# Progress Report Performance Management Pilot

Office of State Budget and Management  
January 2019

# **OSBM Updates**



## OSBM Reorganization Efforts

### **Our goal was to:**

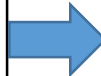
- Create greater emphasis on data-driven, evidence-based budgeting and programs
- Increase our focus on strategic and executive level budget issues
- Reduce routine and non value-add transactions and streamline processes
- Improve customer service to agencies/campuses



# OSBM Reorganization Efforts

## Budget Execution Section

- Interprets statutes/session laws and develops policies to guide agencies
- Meets with agency leadership to resolve complex/high-profile budget execution issues
- Reviews and approves revisions to the budget
- Ensures a balanced budget by monitoring expenditures and approving allotments
- Conducts closeout and carryforward
- Leads budget execution improvement initiatives
- Conducts Base Budget Development Process



## Budget Development and Performance Evaluation Sections

- Develops Governor's budget recommendations (Change Budget)
- Conducts objective analysis and develops options to support Governor's priorities
- Reviews and analyzes agency programs (e.g. performance/effectiveness, alternative analysis)
- Meets with agency leadership to review programs and priorities
- Conducts budget certification



# Building a Performance Management Framework



## **Fostering a culture of statewide organizational excellence.**

- Aligning strategic planning, performance tools, and the budget process
- Championing the use of data and evidence in state government
- Improving outcomes for North Carolinians by piloting innovative tools and sharing best practices



## Building a Performance Management Framework

### What we've done in 2018

- Hosted three trainings in partnership with the UNC School of Government on strategic planning and creating performance measures for over 200 state leaders
- Provided an evidence-based budgeting workshop in partnership with the Results First Initiative
- Retooled worksheet II to include more data and evidence to build better business cases
- Nearing completion of first Results First policy area on child and family health
- Provided customized strategic planning support and feedback to state agencies



## Building a Performance Management Framework

### **What we're planning for 2019**

- Expand Results First Initiative to include juvenile justice policy area
- Provide more training opportunities and best practice sharing on performance management topics for agency staff
- Continue to integrate data and analysis into the state's operational culture
- Build OSBM's toolbox to be a resource for state agencies
- Update the LINC (Log Into North Carolina) System for increased efficiency and access to data



## Highlight - Log Into North Carolina (LINC)

### **LINC – Best First Resource for Information about NC**

- Was originally created in late 1970s
- Is an interactive database of North Carolina
- Provides free, publicly available, transparent data
- Encompasses 1,200+ variables organized into 12 Topic Groups
- Contains state, federal, and some limited private data
- Covers data from 1969 to 2036
- Provides data descriptions for each variable
- Allows custom and topic profile reports

### **Limitations**

- Does not support data download
- Requires a manual, time-intensive data update process
- Does not support data visualization and mapping opportunities





# LINC - Currently



## Log Into North Carolina

NC Census Look  
State Compariso

### Custom Report

To start with geography:

Click boxes to the right, choose another geographic type, or enter a county or municipality. Click *Continue* after making all selections.

Geographic type:

State and Counties

County or municipality:

Go

To start with data items:

 Browse All LINC

[Start Over](#)

Preformatted Report - [Get a county or state report](#)

Advanced Search - [Enter geographic IDs and data item codes](#)

[What is LINC?](#) | [What's new](#) | [Help](#) | [Email](#)

[Continue](#)

### State

☐ NORTH CAROLINA

### Counties

☐ Option: Include all subcounty areas

☐ ALL COUNTIES

☐ ALAMANCE COUNTY

☐ ALEXANDER COUNTY

☐ ALLEGHANY COUNTY

☐ ANSON COUNTY

☐ ASHE COUNTY

☐ AVERY COUNTY

☐ BEAUFORT COUNTY

☐ BERTIE COUNTY

☐ BLADEN COUNTY

☐ BRUNSWICK COUNTY

☐ BUNCOMBE COUNTY

☐ BURKE COUNTY

☐ CABAREUS COUNTY

☐ CALDWELL COUNTY

☐ CAMDEN COUNTY

☐ CARTERET COUNTY

☐ CASWELL COUNTY

☐ CATAWBA COUNTY

☐ CHATHAM COUNTY

☐ CHEROKEE COUNTY

☐ CHOWAN COUNTY

Status (Parameters selected in the gray areas are displayed here.)

Geo Names:

Geo IDs:

Data Items:

Years:



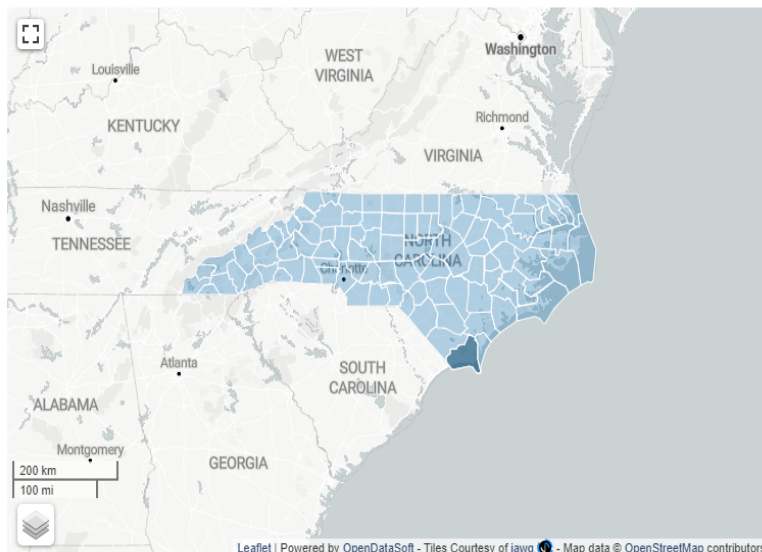
# Enhanced LINC – Dynamic Visualization

✓ Clear All

## Brunswick County Census Information

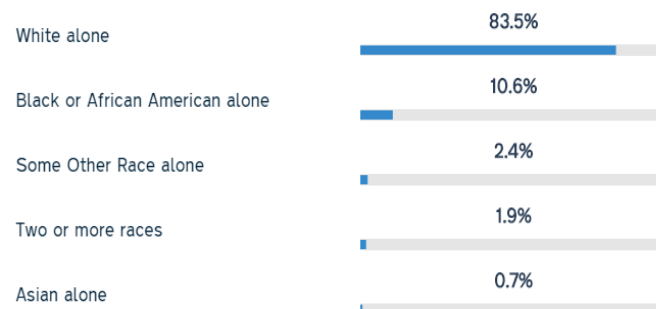
Select a county:

Brunswick County

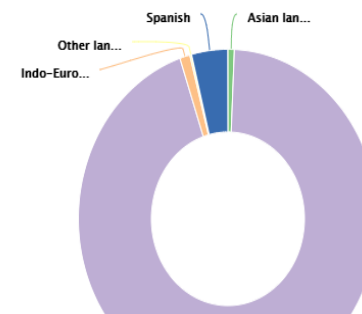


2010 Population:	107,431
Current Population:	119,167
2020 Population:	141,520
Median Income:	\$49,356
High school graduate or higher:	88.0%
Persons in poverty:	15.2%
Persons 65 years and over:	26.9%
Persons under 5 years:	4.6%
Foreign-born persons:	4.3%
2000 Census Response Rate:	48.0%
2010 Census Response Rate:	76.0%

### Race



### Language Spoken



# Pilot Progress Report



**SECTION 26.1.(b)** The Office of State Budget and Management shall research best practices in performance management from leading states, academia, and nongovernmental organizations and implement a pilot performance management initiative that is designed to inform the budget process and operational management of State programs. By November 30, 2018, the Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on General Government on the progress of implementing the pilot. The report may include recommendations for additional legislation. For purposes of this section, the term "performance management" means an ongoing process of measuring, evaluating, and adjusting actions to improve outcomes.

# **Best Practices Research**



### **Researched best practices in performance management from:**

- Previous efforts in North Carolina
- Professional organizations and nongovernmental organizations such as NASBO, ICMA, and Pew
- Peer reviewed articles as well as publications from the UNC School of Government
- Leading states in performance management practices such as Colorado, Connecticut, Indiana, Iowa, Michigan, Minnesota, Rhode Island, Utah, Virginia, Washington, and Wisconsin



**There is no one size fits all answer.**

### **Issues from failed or discontinued efforts:**

- Lack of integration of performance to the budget process in a meaningful way
- Overly burdensome processes for agencies
- Measuring too much or not measuring meaningful data
- Lack of engagement and collaboration with agencies in the process



### **Common factors for success:**

- Need for agency engagement and buy-in
- Demonstrating value to agencies
- Building knowledge and capacity
- Regular communication between program staff, budget staff, and policymakers
- Development of strong executive and legislative champions





### GOVERNOR'S OFFICE OF **MANAGEMENT AND BUDGET**

#### **Utah's SUCCESS Framework**

- Focused on building agency capacity and improving the efficiency and effectiveness of state operations
- Founded in Lean, Six Sigma, and the Theory of Constraints
- Approaches improvement from a “systems” perspective
- Connects budget, performance, and agency staff as part of the measurement process



# COLORADO

## Colorado's Performance Management

- “SMART” Act that formalizes performance management
- Focused on building agency capacity
- Provide Performance Management Training Academy on topics of: *operational excellence, customer focus, strategic planning, operational planning & evaluation, lean process improvement, and implementation & culture.*

# Pilot Implementation



## Pilot Implementation

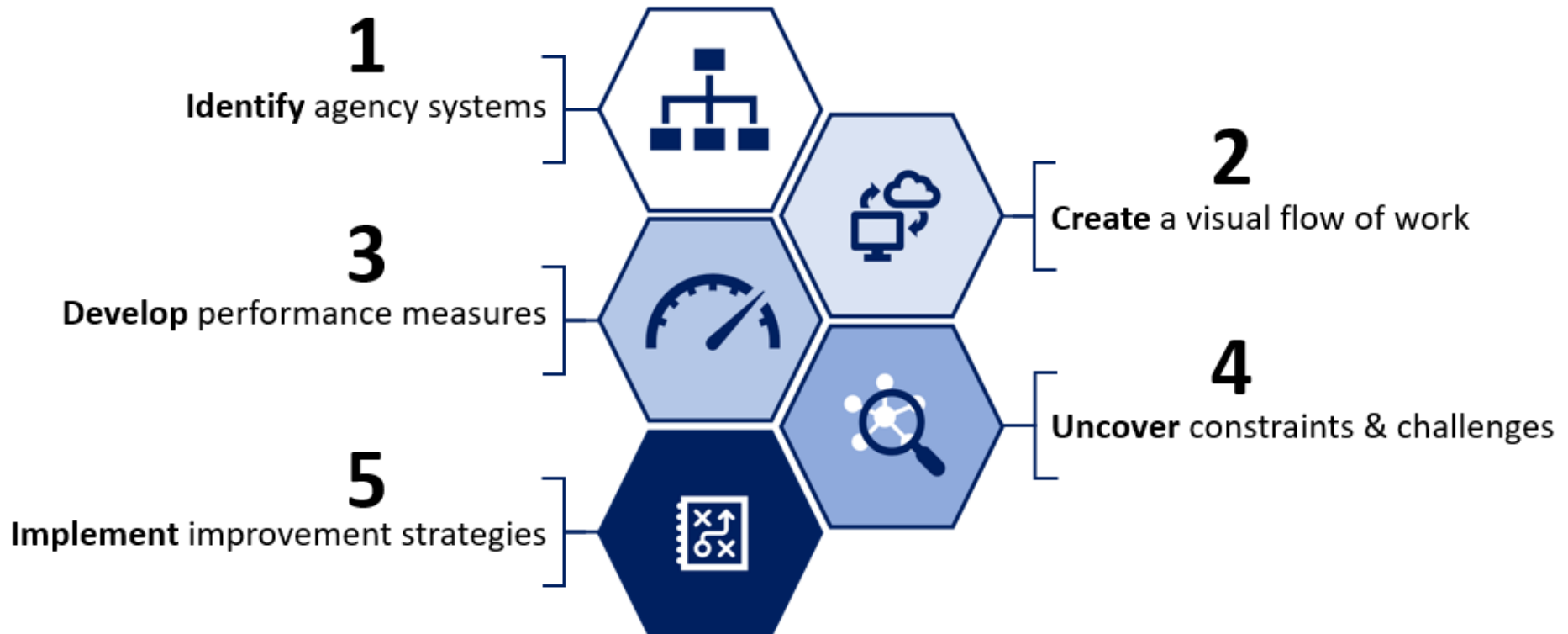
### **Systems Analysis Pilot**

- Centered on building agency capacity and collaboration
- Uses a similar “systems” approach as Utah
- Applies Theory of Constraints, Lean, and Six Sigma





# Pilot Implementation





### Systems Analysis training curriculum:

	Sessions	Topics Covered
Theory and Strategy	<ul style="list-style-type: none"><li>• Session 1: Introduction to Systems Analysis</li></ul>	<ul style="list-style-type: none"><li>• Systems Analysis Basics</li><li>• Theory of Constraints</li><li>• Getting Started - Agency Profile</li></ul>
	<b>Milestone</b> – Identify agency systems	
Measurement Process	<ul style="list-style-type: none"><li>• Session 2: System Mapping</li><li>• Session 3: System Measures</li></ul>	<ul style="list-style-type: none"><li>• What Is a System?</li><li>• Performance Measures</li><li>• Systems Analysis Formula</li></ul>
	<b>Milestone</b> – Map systems and develop system measures	
Continuous Improvement	<ul style="list-style-type: none"><li>• Session 4: Performance Improvement Strategies</li></ul>	<ul style="list-style-type: none"><li>• Theory of Constraints Application</li><li>• Lean – Maximize Capacity and Flow</li><li>• Six Sigma – Maximize Quality</li></ul>
	<b>Milestone</b> – Identify challenges and implement strategies	



## Pilot Implementation

### **OSBM**

- Identified major systems
- Mapped out first system
- Currently developing performance measures

### **Department of Labor**

- Conducted initial training with leadership team
- Currently working to identify major systems

### **Moving Forward**

- Looking to add a third pilot agency in this fiscal year
- Assess applicability and feasibility for broader rollout

# Next Steps





### **OSBM**

1. Provide additional performance management training opportunities for state agencies.
2. Work with agencies to build better business cases.
3. Ensure strategic plans are meaningful, comprehensive, and robust.
4. Directly link budget requests to agency strategic plans.



## Next Steps

### Items for 2019

- Embed additional analytics capacity in state government
  - Expertise in statewide organizations including OSBM, OSC, DST, and OSHR
  - Tiered support in all agencies
- Enhance LINC's capacity



## Questions

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